

## Message Text

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ORIGIN EB-08

INFO OCT-01 EUR-12 ISO-00 AGRE-00 CIAE-00 COME-00  
INR-10 LAB-04 NSAE-00 SP-02 STR-07 TRSE-00 FRB-03  
OMB-01 CTME-00 ITC-01 L-03 H-01 PA-01 USIA-06  
AID-05 NSC-05 SS-15 CEA-01 CPR-01 /087 R

DRAFTED BY EB/ITP/EWT:DFRIED:DLM  
APPROVED BY EB/ITP/EWT:HLCLARKE  
EUR/EE:TGERTH  
H:PSTAHNKE  
L/EUR:JCROOK  
PA:JTRATNER  
EB:CHAND

-----033383 250401Z /61

P 242318Z FEB 78  
FM SECSTATE WASHDC  
TO AMEMBASSY BUDAPEST PRIORITY

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E.O. 11652: N/A

TAGS: EEWT, HU

SUBJECT: US-HUNGARIAN TRADE NEGOTIATIONS

REF: (A) BUDAPEST 630, (B) BUDAPEST 812

1. WE CONCUR WITH EMBASSY THAT NO ANNOUNCEMENT ON NEGOTIATIONS SHOULD BE MADE AT THIS TIME. WE ARE USING THE FOLLOWING UPDATED PRESS GUIDANCE ON AN "IF ASKED" BASIS:

Q. WILL THE US GRANT MFN TARIFF TREATMENT TO HUNGARY?

A. THE US AND HUNGARIAN GOVERNMENTS HAVE BEEN HOLDING CON-  
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SULTATIONS ON THIS SUBJECT.

Q. HOW WOULD MFN BE EXTENDED?

A. UNDER SECTION 405 OF THE TRADE ACT, THE US MAY PROVIDE  
NON-DISCRIMINATORY TARIFF TREATMENT TO NON-MARKET COUNTRIES  
ONLY FOLLOWING CONCLUSION OF A BILATERAL TRADE AGREEMENT,

WHICH MUST BE APPROVED IN CONGRESS.

IN ADDITION, THE REQUIREMENTS OF SECTION 402 OF THE ACT  
(THE JACKSON-VANIK AMENDMENT) MUST BE MET.

Q. HAVE NEGOTIATIONS OF SUCH AN AGREEMENT BEGUN?

A. YES, DISCUSSIONS TOOK PLACE IN BUDAPEST EARLIER THIS  
MONTH. OUR NEGOTIATORS MADE GOOD PROGRESS AND WE ARE  
HOLDING A SECOND ROUND OF DISCUSSIONS. WE CANNOT DISCUSS  
THE DETAILS OF THESE NEGOTIATIONS WHILE THEY ARE IN  
PROGRESS.

Q. WHO IS LEADING THE US SIDE?

A. THE US AMBASSADOR TO HUNGARY, PHILIP KAISER. HE IS  
BEING ASSISTED BY DEPUTY ASSISTANT SECRETARY BARRACLOUGH  
AND OTHER TRADE SPECIALISTS.

Q. ARE EMIGRATION ASSURANCES NECESSARY IN ORDER TO  
EXTEND MFN?

A. YES.

Q. WHAT ASSURANCES ON EMIGRATION ARE NECESSARY?

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A. SECTION 402 OF THE TRADE ACT REQUIRES THAT THE  
PRESIDENT REPORT TO CONGRESS THAT HE HAS RECEIVED CERTAIN  
ASSURANCES REGARDING EMIGRATION.

Q. HAS HUNGARY GIVEN ASSURANCES ON ITS EMIGRATION  
PRACTICES?

A. CONSULTATIONS ON THIS QUESTION ARE CONTINUING. WE  
CANNOT GO INTO ANY DETAILS AT THIS TIME. WE WOULD POINT  
OUT THAT THREE SEMI-ANNUAL EXECUTIVE BRANCH REPORTS TO  
THE CSCE COMMISSION HAVE INDICATED HUNGARY'S EXEMPLARY  
RECORD WITHIN THE WARSAW PACT IN IMPLEMENTING PROVISIONS  
OF THE HELSINKI FINAL ACT AND THE FORTHCOMING NATURE OF  
HUNGARY'S POLICY ON EMIGRATION QUESTIONS.

Q. WHAT IS THE LINKAGE BETWEEN RETURN OF THE CROWN AND  
MFN?

A. THESE TWO ISSUES ARE IN NO WAY LINKED. THE RETURN  
OF THE CROWN WAS NOT CONNECTED TO ANY OTHER ISSUE.

2. WE REGRET DELAYS IN PROVIDING PARAGRAPHS ON SERVICES

AND EXIMBANK. WE INTEND TO PROVIDE DRAFT TEXTS TO  
HUNGARIAN DELEGATION HERE AS SOON AS POSSIBLE.

3. CUSTOMS COURTESIES IN BOSTON HAVE BEEN ARRANGED, AND  
HUNGARIAN DELEGATION WILL BE MET IN WASHINGTON BY STATE  
OFFICIALS. VANCE

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NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** TRADE, PUBLIC DISCLOSURE, NEGOTIATIONS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 24 feb 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
**Disposition Event:**  
**Disposition History:** n/a  
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**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
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**Office:** ORIGIN EB  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** 78 BUDAPEST 630, 78 BUDAPEST 812  
**Retention:** 0  
**Review Action:** RELEASED, APPROVED  
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**Review Date:** 05 may 2005  
**Review Event:**  
**Review Exemptions:** n/a  
**Review Media Identifier:**  
**Review Release Date:** N/A  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
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**Status:** NATIVE  
**Subject:** US-HUNGARIAN TRADE NEGOTIATIONS  
**TAGS:** EEWT, HU, US  
**To:** BUDAPEST  
**Type:** TE  
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**Review Markings:**  
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